

Weekly Market Recap

The week in review

- GDP rose 1.4% in 4Q
- Mfg. and svcs. PMIs were 51.2 and 52.3
- Consumer sentiment came in at 56.6

The week ahead

- Consumer confidence
- New home sales

Thought of the week

New year, new equity market. Value is off to its strongest ever start against growth, and only one Mag 7 is positive, but it's reasonable to question both the durability and rationality of parts of this rotation. First and foremost, it's been led by cyclical sectors like small caps and the energy, industrials and materials sectors. While economic growth should accelerate in 2026, it probably won't last much longer than people's tax refund checks. The cyclical value sectors have also been boosted by the run up in commodities. Part of this has been structural; concerns around fiscal deficits and Fed independence are boosting gold, and the AI buildout needs copper and precious metals. But there's also an element of speculation. Energy is the best performing sector, up over 20% YTD, despite a negative outlook on oil prices, by far the primary determinant of earnings growth. While there are certainly opportunities within traditionally cyclical asset classes, like investing down the AI supply chain, or in undervalued small cap companies, long-term investors should be skeptical of the broad-based rally.

For other sectors, regulation is weighing on returns. In January, President Trump suggested capping credit card rates at 10%, and CMS proposed keeping 2027 Medicare Advantage rates roughly flat, triggering selloffs in financials and health care, respectively. Defensive value sectors, like consumer staples and utilities, are also finally participating in the bull market. But while, utilities are supported by AI power demand, consumer staples companies are struggling with tariffs, commodity costs and a cautious consumer. Most importantly, this rotation is a lesson in diversification. With the Mag 7 down 6% and software down 30% from its October peak, sector, style and geographic diversification is the seatbelt investors need to stay buckled in on the AI roller coaster.

Please see important disclosures on next page.

Weekly Data Center

Equities	Level	Index Returns (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
S&P 500	6836	-1.35	0.00	0.00	13.24	72.41
Dow Jones 30	49501	-1.15	3.14	3.14	12.66	53.05
Russell 2000	6578	-0.85	6.73	6.73	17.57	42.33
Russell 1000 Growth	2977	-2.08	-5.45	-5.45	8.16	91.83
Russell 1000 Value	1359	-0.40	6.42	6.42	17.23	48.99
MSCI EAFE	3117	1.95	7.82	7.82	31.99	63.45
MSCI EM	1555	3.25	10.82	10.82	43.58	67.28
NASDAQ	22547	-2.08	-2.95	-2.95	13.77	93.76

Fixed Income	Yield	Levels (%)				
		1 week	QTD	YTD	1 year	3-yr. Cum.
U.S. Aggregate	4.21	0.89	1.28	1.28	7.81	14.06
U.S. Corporates	4.74	0.80	1.24	1.24	8.09	18.07
Municipals (10yr)	2.94	0.43	1.99	1.99	7.01	11.19
High Yield	7.06	0.12	0.73	0.73	7.90	30.19

Key Rates	Levels (%)					
	2/13/26	2/6/26	12/31/25	12/31/25	2/13/25	2/13/23
2-yr U.S. Treasuries	3.40	3.50	3.47	3.47	4.31	4.52
10-yr U.S. Treasuries	4.04	4.22	4.18	4.18	4.52	3.72
30-yr U.S. Treasuries	4.69	4.85	4.84	4.84	4.72	3.79
10-yr German Bund	2.75	2.84	2.86	2.86	2.42	2.36
SOFR	3.65	3.64	3.87	3.87	4.33	4.55
3-mo. EURIBOR	2.00	2.00	2.03	2.03	2.56	2.65
6-mo. CD rate	1.85	1.86	1.88	1.88	1.87	N/A
30-yr fixed mortgage	6.18	6.31	6.25	6.25	6.93	6.47
Prime Rate	6.75	6.75	6.75	6.75	7.50	7.75

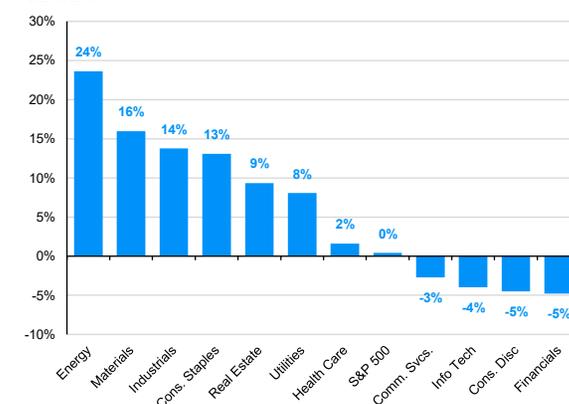
Index Characteristics				
NTM P/E	P/B	Div. Yld.	Mkt. Cap (bn)	
21.53	5.21	1.11	58417	
20.70	5.52	1.62	20503	
24.25	2.19	1.11	3039	
26.24	12.46	0.52	30950	
17.86	3.11	1.71	31687	
16.10	2.24	2.43	22010	
13.10	2.29	1.76	11326	
25.59	6.95	0.57	38214	

Currencies	Levels		
	2/13/26	12/31/25	2/13/25
\$ per €	1.18	1.17	1.04
\$ per £	1.36	1.35	1.25
¥ per \$	153.13	156.75	153.14

Commod.	Levels		
	2/13/26	12/31/25	2/13/25
Oil (WTI)	62.88	57.26	71.66
Gasoline	2.90	2.81	3.13
Natural Gas	3.23	3.69	4.43
Gold	4995	4368	2915
Silver	77.35	71.99	32.28
Copper	12719	12504	9362
Corn	4.31	4.37	4.85
BBG Idx	296.83	276.25	257.17

Chart of the Week

S&P 500 year-to-date sector performance



Style Returns

	V			B			G		
	L	M	S	L	M	S	L	M	S
V	-0.4	0.2	-0.3	-1.3	0.0	-0.9	-2.1	-0.9	-1.4
B	6.4	8.0	10.2	0.0	5.7	6.7	-5.4	-1.9	3.6
G	-2.1	-0.9	-1.4	-0.9	-1.9	3.6	-5.4	-1.9	3.6

S&P 500 Sector Returns

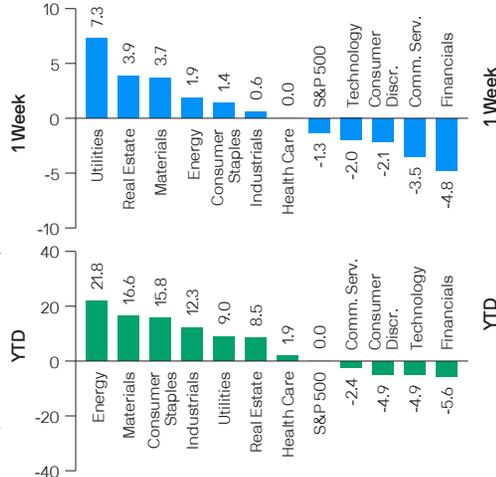




Chart of the Week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Thought of the week: Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

Abbreviations: Cons. Sent.: University of Michigan Consumer Sentiment Index; CPI: Consumer Price Index; EIA: Energy Information Agency; FHFA HPI: - Federal Housing Finance Authority House Price Index; FOMC: Federal Open Market Committee; GDP: gross domestic product; HPI: Home Price Index; HMI: Housing Market Index; ISM Mfg. Index: Institute for Supply Management Manufacturing Index; PCE: Personal consumption expenditures; Philly Fed Survey: Philadelphia Fed Business Outlook Survey; PMI: Purchasing Managers' Manufacturing Index; PPI: Producer Price Index; SAAR: Seasonally Adjusted Annual Rate

Equity Price Levels and Returns: All returns represent total return for stated period. Index: S&P 500; provided by: Standard & Poor's. Index: Dow Jones Industrial 30 (The Dow Jones is a price-weighted index composing of 30 widely-traded blue chip stocks.); provided by: S&P Dow Jones Indices LLC. Index: Russell 2000; provided by: Russell Investments. Index: Russell 1000 Growth; provided by: Russell Investments. Index: Russell 1000 Value; provided by: Russell Investments. Index: MSCI - EAFE; provided by: MSCI - gross official pricing. Index: MSCI - EM; provided by: MSCI - gross official pricing. Index: Nasdaq Composite; provided by: NASDAQ OMX Group.

MSCI EAFE is a Morgan Stanley Capital International Index that is designed to measure the performance of the developed stock markets of Europe, Australasia, and the Far East.

Bond Returns: All returns represent total return. Index: Bloomberg US Aggregate; provided by: Bloomberg Capital. Index: Bloomberg Investment Grade Credit; provided by: Bloomberg Capital. Index: Bloomberg Municipal Bond 10 Yr; provided by: Bloomberg Capital. Index: Bloomberg Capital High Yield Index; provided by: Bloomberg Capital.

Key Interest Rates: 2 Year Treasury, FactSet; 10 Year Treasury, FactSet; 30 Year Treasury, FactSet; 10 Year German Bund, FactSet. 3 Month LIBOR, British Bankers' Association; 3 Month EURIBOR, European Banking Federation; 6 Month CD, Federal Reserve; 30 Year Mortgage, Mortgage Bankers Association (MBA); Prime Rate: Federal Reserve.

Commodities: Gold, FactSet; Crude Oil (WTI), FactSet; Gasoline, FactSet; Natural Gas, FactSet; Silver, FactSet; Copper, FactSet; Corn, FactSet. Bloomberg Commodity Index (BBG Idx), Bloomberg Finance L.P.

Currency: Dollar per Pound, FactSet; Dollar per Euro, FactSet; Yen per Dollar, FactSet.

S&P Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Standard & Poor's.

MSCI Index Characteristics: Dividend yield provided by FactSet Pricing database. Fwd. P/E is a bottom-up weighted harmonic average for the "Next 12 Months" (NTM) period. Market cap is a bottom-up weighted average based on share information from MSCI and Price information from FactSet's Pricing database as provided by MSCI.

Russell 1000 Value Index, Russell 1000 Growth Index, and Russell 2000 Index Characteristics: Trailing P/E is provided directly by Russell. Fwd. P/E is a bottom-up weighted harmonic average using First Call Mean estimates for the "Next 12 Months" (NTM) period.

Market cap is a bottom-up weighted average based on share information from Compustat and price information from FactSet's Pricing database as provided by Russell.

Sector Returns: Sectors are based on the GICS methodology. Return data are calculated by FactSet using constituents and weights as provided by Standard & Poor's. Returns are cumulative total return for stated period, including reinvestment of dividends.

Style Returns: Style box returns based on Russell Indexes with the exception of the Large-Cap Blend box, which reflects the S&P 500 Index. All values are cumulative total return for stated period including the reinvestment of dividends. The Index used from L to R, top to bottom are: Russell 1000 Value Index (Measures the performance of those Russell 1000 companies with lower price-to-book ratios and lower forecasted growth values), S&P 500 Index (Index represents the 500 Large Cap portion of the stock market, and is comprised of 500 stocks as selected by the S&P Index Committee), Russell 1000 Growth Index (Measures the performance of those Russell 1000 companies with higher price-to-book ratios and higher forecasted growth values), Russell Mid Cap Value Index (Measures the performance of those Russell Mid Cap companies with lower price-to-book ratios and lower forecasted growth values), Russell Mid Cap Index (The Russell Midcap Index includes the smallest 800 securities in the Russell 1000), Russell Mid Cap Growth Index (Measures the performance of those Russell Mid Cap companies with higher price-to-book ratios and higher forecasted growth values), Russell 2000 Value Index (Measures the performance of those Russell 2000 companies with lower price-to-book ratios and lower forecasted growth values), Russell 2000 Index (The Russell 2000 includes the smallest 2000 securities in the Russell 3000), Russell 2000 Growth Index (Measures the performance of those Russell 2000 companies with higher price-to-book ratios and higher forecasted growth values).

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